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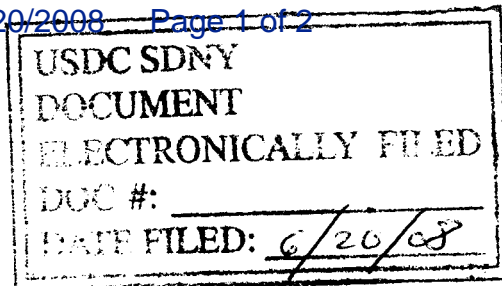
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June 12, 2008

VIA PRIORITY MAIL

MEMO ENDORSED

Honorable William H. Pauley III
United States District Court
Southern District of New York
500 Pearl Street, Room 2210
New York, New York 10007

Re: American Empire Surplus Lines Insurance Company v. Westchester Fire Insurance Company and Grzegorz Maternik
Docket No. : 08-CV-1208
Our File No.: 07 422 92956

Honorable Judge Pauley:

We represent the plaintiff, American Empire Surplus Lines Insurance Company ("American Empire"), in connection with the above-referenced matter.

We write to inform you that yesterday a settlement in principal was reached at Mediation the underlying litigation, which is the subject of the declaratory judgment action pending before this Court.

If the settlement is consummated in due course, as anticipated, the declaratory judgment action will be discontinued. As a result, we respectfully request that the present motion practice and deadlines be held in abeyance, and we will advise the Court shortly as to status of the settlement.

Thank you for your attention to this matter.

Application granted
SO ORDERED:

William H. Pauley III
WILLIAM H. PAULEY III U.S.D.J.

6/16/08

Respectfully submitted,

L'ABBATE BALKAN COLAVITA
& CONTINI, LLP

Jillian Menna
Jillian Menna (JM 5708)

cc: James H. Haddad, Esq. (via facsimile)